

1930

ABITIBI POWER & PAPER COMPANY, LIMITED

SEVENTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1930

To the Shareholders of the

Abitibi Power & Paper Company, Limited

Your Directors herewith submit their report for the fiscal year ending December 31, 1930.

Operations for the year produced earnings of \$7,374,337.86, after income tax, but before providing for interest and reserves. After deducting interest on funded debt, and other interest, amounting to \$2,786,070.80, there was available for reserves and dividends, \$4,588,267.06. Preferred Stock dividends of \$2,407,908.00 were declared and paid. Additional reserves for depreciation and depletion, amounting to \$1,666,523.89 on the usual basis of production were set aside, and \$513,835.17 has been added to Surplus Account. From the accumulated surplus the sum of \$500,000.00 has been transferred to Investment Reserve.

Owing to the acquisition of all of the Common Shares of Provincial Paper Limited, and the consolidation of their accounts with those of the Parent Company, there is reflected in the Balance Sheet an increase in fixed assets of \$8,819,528.18, to which must be added \$1,334,434.06 expended on capital additions during the year, a total increase in fixed assets of \$10,153,962.24.

The curtailment in operations due to the unexpected severity of the business depression in 1930, has resulted in higher inventories, the liquidation of which is receiving the continuous attention of your management.

In September, 1930, construction was begun on the development of the Canyon power site on the Abitibi River, which is controlled by your wholly owned subsidiary, Ontario Power Service Corporation, Limited. This development is designed for an installed capacity of 275,000 horse power, and is expected to be completed on or before October 1, 1932. The entire output has been sold under contract; 100,000 horse power to the Hydro-Electric Power Commission of Ontario, and the balance to Abitibi Power & Paper Company, Limited for use in its operations in Northern Ontario. With the completion of the Canyon project, your developed water power resources will have reached a total installed capacity of 500,000 horse power.

Conditions in the newsprint industry continue to reflect the results of the serious overcapacity which has been installed in recent years. These results have been gravely accentuated by the general business depression. It is hopeful to note, however, that for the first time in many years there are no new Canadian newsprint projects in sight and, so far as we know, no new machines in contemplation by existing Canadian companies. From now on, if we may judge from past experience, any improvement in general business conditions will be substantially reflected in the newsprint industry.

On behalf of the Board of Directors,

ALEXANDER SMITH,

President.

Toronto, March 2, 1931.

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Abitibi Power & Paper Company, Limited

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Inventories of pulpwood, paper, pulp, materials and supplies at cost, and expenditures on logging operations	15,273,825.45
Unexpired insurance, prepaid taxes, etc.	343,466.82
Customers accounts	3,280,462.15
Other accounts receivable and cash deposits on timber limits	469,228.39
Marketable bonds	892,329.75
Cash on hand and on deposit	2,067,709.95
	<u>22,327,022.51</u>

INVESTMENTS:

In capital stocks of and advances to other companies	2,581,635.68
Less reserve	<u>500,000.00</u>
	<u>2,081,635.68</u>
	24,408,658.19

FIXED ASSETS:

Plant, machinery and equipment, at cost	116,728,139.50
Lands, timber limits, undeveloped water powers, etc.	<u>52,272,485.38</u>
	169,000,624.88
	<u>\$193,409,283.07</u>

Approved on behalf of the Board,

VICTOR E. MITCHELL,
Director.

L. R. WILSON,
Director.

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of the Abitibi Power & Paper Company, Limited and its subsidiary companies for the year ending December 31, 1930, and have obtained all the information and explanations which we have required; and we certify that, in our opinion, the above Balance Sheet at December 31, 1930, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Abitibi Power & Paper Company, Limited and its subsidiary companies, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & COMPANY,
Auditors.

Toronto, February 24, 1931.

er Company, Limited

SHEET DECEMBER 31, 1930

LIABILITIES

CURRENT LIABILITIES:

Bank loans	4,500,000.00	
Current accounts and bills payable	1,872,983.83	
Bond interest accrued	248,002.09	
Dividends payable	620,032.00	
		7,241,017.92

DEFERRED LIABILITIES:

Purchase money obligation payable over sixteen years	210,645.01	
Purchase money obligation payable over two years..	90,000.00	
		300,645.01

FUNDED DEBT:

Five per cent First Mortgage Gold Bonds, due 1953		
Authorized	75,000,000.00	
Issued		50,000,000.00
Five and one-half per cent First Mortgage Bonds, due 1947, of Provincial Paper Limited		
Authorized	10,000,000.00	
Issued	5,300,000.00	
Less: Redeemed and cancelled	300,000.00	
		5,000,000.00
		55,000,000.00

RESERVES:

Depreciation and depletion	27,319,327.10	
General and contingent	2,557,127.79	
		29,876,454.89

PREFERRED SHARES:

10,000 shares 7% Cumulative Preferred Stock of \$100.00 each. The total authorized issue is 10,000 shares	1,000,000.00	
348,818 shares 6% Cumulative Preferred Stock of \$100.00 each, including 916 shares deposited for exchange of shares of The Spanish River Pulp and Paper Mills Limited. The total authorized issue is 500,000 shares	34,881,800.00	
35,000 shares 7% Cumulative Preferred Stock of \$100.00 each of Provincial Paper Limited. The total authorized issue is 35,000 shares	3,500,000.00	
		39,381,800.00

COMMON SHARES AND SURPLUS:

Balance as per annexed statement, represented by 1,088,117 shares without nominal or par value, including 1918 shares deposited for exchange of shares of subsidiary companies. The total authorized issue is 1,500,000 shares	61,609,365.25	
		\$193,409,283.07

Common Shares and Surplus represented on the books of the Company and its subsidiaries by Earned Surplus \$18,592,124.81, Common Stock Account \$18,964,935.43, Capital Surplus \$24,052,305.01, Total \$61,609,365.25

CONTINGENT LIABILITIES: Contractual and other obligations of General Power & Paper Company Limited in connection with its purchase of Thunder Bay Paper Co., Limited and obligation in connection with subscription for shares of Newsprint Bond and Share Company

\$7,210,858.02

ABITIBI POWER & PAPER COMPANY, LIMITED
CONSOLIDATED SURPLUS AND PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1930

Balance at credit as at January 1, 1930 including earned surplus of Provincial Paper Limited, the entire outstanding common stock of which was acquired in January 1930 for 100,000 shares without nominal or par value of the Abitibi Company (after deduction of dividend of \$125,000.00 paid in January 1930 to former common shareholders of Provincial Paper Limited)			61,595,530.08
Profit from operations for the year ending December 31, 1930, after income tax, but before depreciation and interest	7,374,337.86		
Deduct:			
Provision for depreciation and depletion on usual basis of production	1,666,523.89		
Interest on funded debt and other interest	2,786,070.80		
		4,452,594.69	
			2,921,743.17
			<u>64,517,273.25</u>
Deduct:			
Dividends on:			
7% Cumulative Preferred Stock	70,000.00		
6% Cumulative Preferred Stock	2,092,908.00		
7% Cumulative Preferred Stock of Provincial Paper Limited	245,000.00		
			<u>2,407,908.00</u>
			62,109,365.25
Transferred to Investment Reserve			500,000.00
Balance at credit carried forward			<u><u>\$61,609,365.25</u></u>